

7/11/68

"We have reached the day of reckoning. And I tell you very seriously and respectfully that we must act in these two months before us or this State, over the next six years, will sink into stagnation and despair that will take a quarter of a century to overcome".

of Governor Hughes
(Special message ^{to} the Legislature, April 25, 1968)

The results of the Legislature's last hectic series of sessions before summer recess left many to wonder how well the Governor had been heard.

While the ~~Republicans~~ ^{Legislature} proposed a budget of \$1.088 billion, or \$24 million higher than that which was recommended by Governor Hughes, a supplemental \$126 million urban aid program which had been included in the Hughes' budget was reduced by the ~~Republicans~~ ^{Legislature} to \$58.9 million, of which \$48.7 million has been ~~allocated to~~ ^{allocated to} ~~various~~ ^{particular urban aid programs.}

On the one hand, the Republicans excluded some of the Governor's programs from the budget, but ~~on~~ ^{on} the other added some new ones of their own, such as \$15 million in state aid for county and local roads and \$14.5 million for county college construction. The latter item had been included in the Governor's bond issue proposal.

Other expenditures which Governor Hughes had deferred for bond financing which the Republicans restored are a \$4 million clean air and water program and \$2 million for grade crossing elimination.

An equally controversial measure is one which would return 10% of total sales tax revenues to municipalities on an unrestricted use basis. Originally the funds were to be returned on a formula based on a municipalities tax ratables and population. This program, too, would have been more favorable to the suburbs than the cities and was changed to give the cities a larger share by using a formula based on population size alone.

The only measure upon which there was bipartisan agreement is in the area of welfare assistance. The legislation which passed will have the state assume

responsibility for 75% of the cost of non-federally-aided relief assistance. At present, the state assumes 50% of that cost.

On the matter of urban aid, the Newark News commented in a recent editorial that "In his controversy with the Legislature over the urban aid bills now in the process of adoption, Gov. Hughes has all the best of the argument but the Republicans have all the votes".

The Republicans did have all the votes and the threat of a gubernatorial veto did not deter them from approving, with some modification, their school and municipal aid measures.

There is some indication that Republicans will attempt a compromise with the administration on the special school aid program, but will stand firm on the matter of municipal aid.

The majority party

An item in which the New Jersey Committee was particularly interested was the appropriation for the continuation of the Musto Commission study. When it was learned that the appropriation had been cut from the suggested \$125,000 ^{for two years} to \$10,000, ^{a letter over the} the staff ~~signature of Mr. March informed each~~ ~~acted to inform all~~ members of the Legislature of the critical importance of the Commission's work and asked that it be adequately financed to continue its studies. Through the Committee's efforts, as well as that of other organizations and individuals, the Commission's authorization was raised to \$50,000 for the coming year.

In order to balance the budget and finance their plan, the Republicans proposed increases in certain excise taxes, including gasoline, motor vehicle fees, cigarettes and corporate net income taxes. At the close of the session all of these revenue measures had been approved by the Legislature.

In light of the cuts made in the Hughes' urban aid program, the Governor indicated that he might veto certain Republican program measures which he considered to be inequitable.

To relieve the serious situation in the field of education in urban areas, the Governor proposed an aid program totaling \$25 million for 86 poverty-impacted districts. The Republicans countered with a \$17 million ^{proposal which was to allow} \$25 ~~million~~ per pupil per year in additional state aid to minimum aid districts. The formula was designed in such a way that it would primarily benefit suburban areas. Under pressure from the Essex delegation, the program was increased to \$34 million to provide an increase of \$25 per pupil across the board in all districts of the state.

The Governor remains critical of the measure. He feels it dissipates money among too many districts rather than channeling it to areas of real need. He had proposed, as a further compromise, that the aid program be modeled after Federal Title I and III programs which earmark funds for use in compensatory education projects. This provision was not included in the legislation.

In the meantime, a state study commission is at work considering increased state responsibility for local school costs and is prepared to recommend a three-stage increase in state school aid that eventually would cost \$125 million more a year. The Commission will probably recommend that the state increase its present share of 28% for education assistance to 40%, subject to certain "equalizing" factors.

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This plan will not take effect until January 1969.

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The majority party has matter of factly stated that it will override the Governor's veto on either of these two programs. Some observers have not expressed as much confidence in the ability of the party's leadership to line up all the votes necessary for overriding a Hughes veto. As one has pointed out, only 5 Republican legislators need balk at such a vote to have it fail for lack of a two-thirds majority tally.

In a relative sense, approval of the terms for bond issue proposals was reached with less disagreement than was involved in discussions on the urban aid program.

Needs originally set at \$1.7 billion by Governor Hughes and announcement by Republicans of their own \$890 million program, left an obvious gap in fulfilling capital requirements detailed in the capital needs commission's report and was so criticized by the Governor.

With the help of those Republicans favoring a higher figure the Governor was able to have significant increases adopted in the program - - \$40 million ^{more} for TRANSPORTATION. AN ADDITIONAL \$40 MILLION FOR INSTITUTIONS. ~~institutions, and a~~ Republican proposal for \$12.5 million to encourage investment

of \$62.5 million in private investment to build low income housing.

*was included
in line 9 Hughes' \$25
million urban reconstruction
program.*

The proposals, the Legislation for which was signed early last week, now calls for \$337.5 million for construction of state colleges and institutions and educational television network, \$640 million for transportation, which includes \$200 million for public transportation improvement and \$12.5 million for housing.

An obvious omission is \$121 million recommended by the Capital Needs Commission for water resource management. The Legislature has, as pointed out by the press, cut the Governor's "irreducible minimum" program by \$710 million.